

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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TREE NUTS ANNUAL

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Report Highlights:

Post forecasts India's almond imports for marketing year (MY) 2009/10 (September/August) at a record 53,000 tons (in-shell basis), nearly 8 percent higher than last year's imports. India's walnut production for MY 2009/10 (October/September) is forecast at 35,000 tons (kernel weight basis), down 5 percent over last year due to the downswing in the production cycle of the crop. Walnut exports during MY 2009/10 are forecast at 15,500 tons, down 6 percent from an earlier forecast of 16,500 tons, but up 2,100 tons over last year due to good domestic supply conditions and competitive pricing of Indian walnuts in international markets.

Commodities:

Select

Author Defined:

SECTION I- ALMONDS

Production

Assuming normal weather, India's MY 2009/10 (September/August) almond production is estimated at 1,100 tons (kernel weight basis), while MY 2010/11 almond production is forecast higher at 1,200 tons due to an upswing in the production cycle. Yields of almonds in India are low, ranging from 1,000-1,500 nuts/tree/year. Shelling rates vary from 20 to 30 percent for hard shell varieties and 40 percent for thin-shelled varieties.

Consumption

Almond consumption in MY 2009/10 is revised higher to 53,000 tons from an earlier estimate of 45,000 tons due to large supply and expected lower prices of almonds vis-à-vis other competing nuts. Assuming steady growth in domestic demand, brisk trade activity and a normal U.S. almond crop, consumption in MY 2010/2011 is forecast at 58,000 tons, up 9 percent over the previous year. The MY 2008/09 consumption estimate is also revised up to 49,000 tons as market sources reported higher off-take of almonds vis-à-vis other competing nuts.

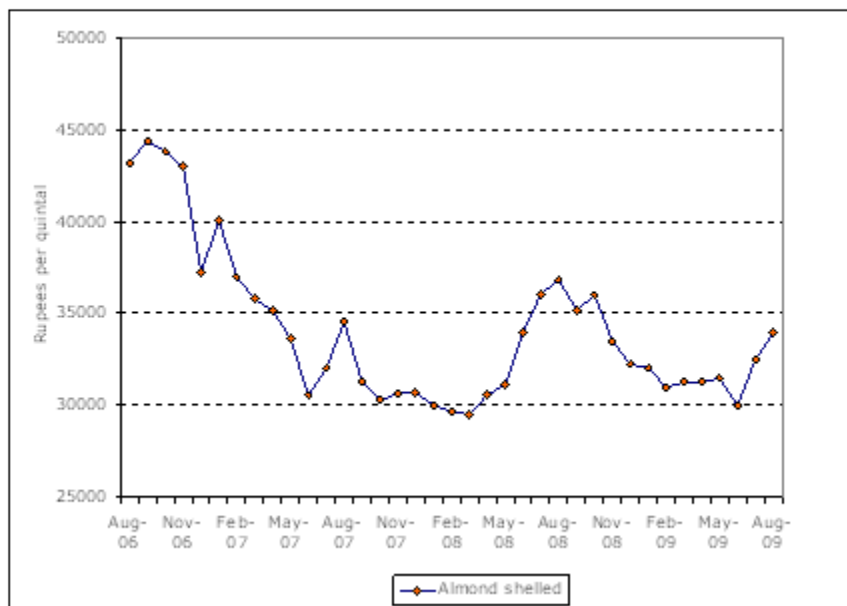
India's almond consumption has grown steadily over the last few years due to their competitive prices (as compared to other nuts), growing demand across confectionary, cosmetic, snack, and health care products, and a rise in nutritional and health awareness about almonds among the 300 million plus middle class population in the country. However, higher prices for essential commodities, and lack luster trade activity during this festive season may temper consumption prospects.

Almonds are one of the most preferred nuts in India, traditionally considered to be 'high in energy' and recommended for children, recuperating patients and physically active people (e.g. sportsman). The Californian non pareil almond variety is the most price competitive almond in the Indian market (Table 4). Consumers have a preference for this variety on account of its bigger size, uniform 'eye' shape and sweetness. However, non-pareil and carmel varieties from Australia are growing in popularity due to their high quality, taste and competitive prices. Other varieties like Mamra and Qumi (Iranian varieties) are traditionally preferred in Rajasthan and Gujarat and enjoy a high price premium over other varieties. Most almonds are sold to consumers in 'loose' form by weight. Roughly 5 percent of all almonds sold are processed and sold in consumer packs at the retail level.

Price

Domestic almond prices during MY 2008/09 stood firm as compared to last year. Prices during the festive season (September 2008 to January 2009) were 10 percent higher than the corresponding period of last year (Chart 1). Post expects domestic almond prices in MY 2009/10 to remain stable through November on festival demand, but may decline after the festive season.

Chart 1: Average Wholesale Prices of Almonds (shelled) in Delhi Wholesale Market



Source: Economic Times

Trade

Despite the forecast for lower U.S. almond crop this year, India's almond imports for MY 2009/10 are forecast at a record 53,000 tons (shelled basis), up 8 percent over last year. This is due to an estimated increase in global exports of almonds and record high beginning stocks of U.S. almonds coming into the new season. Assuming a normal U.S. almond crop and a stable Indian rupee vis-à-vis the U.S. dollar, imports in MY 2010/2011 are forecast to grow by 4,000 tons to 57,000 tons. Based on information from market sources, Post's MY 2008/09 import estimate has been raised to 49,630 tons from an earlier estimate of 41,500 tons. This is largely due to relatively lower prices resulting in strong consumer off-take of almonds vis-à-vis competing nuts.

India's market demand for almonds is almost met through imports. During MY 2008/09, the share of U.S. almonds in the total import market dropped by 4 percent to 80 percent due to increases in imports from Australia, Afghanistan, and Iran. Imports from the U.S. and Australia are mostly in-shell non-pareil and carmel almonds, while imports from other origins are mostly shelled almonds.

Trade Policy and Marketing Opportunities

There are no quantitative restrictions on imports of almonds from U.S. (refer to table 9 for import duty). India's Plant Quarantine Order 2003 (and as amended in 2006) requires phosphine fumigation at origin and its official endorsement in the phytosanitary certificate for U.S. almonds.

India is now the fourth largest export market for California almonds after Spain, Germany and China. Marketing opportunities exist in the southern and eastern states of India. With increased health awareness among the expanding middle class population, almonds are finding a place in daily diet as a healthy snack. However, with the Indian economy expected to grow at 6 percent per year in fiscal 2009-10 (as compared to 6.5 to 7 percent in fiscal year 2008-09), the demand for Californian almonds is likely to be moderate (assuming prices for essential commodities stay relatively stable for the rest of the year).

SECTION II: WALNUTS

Production

Post forecasts India's walnut production for MY 2009/10 (October/September) at 35,000 tons (in shell basis), down 5 percent over last year due to a downswing in the production cycle. The walnut crop has cyclical production with year to year fluctuations ranging between 5 to 20 percent depending on the weather. Assuming normal weather and growing conditions, MY 2010/11 walnut production is revised up to 38,000 tons due to the expected upswing in the production cycle. Post continues to forecast walnut production for MY 2008/09 at 37,000 tons.

Walnut production in India is mostly confined to Jammu and Kashmir, although Himachal Pradesh and Uttarakhand have small share in total production. Poor orchard management, uneven produce, lower yields (as compared to other horticultural crops grown in the region ^[1]) and long waits for trees to mature have kept walnut area and production almost stagnant. Market sources state that nut size this year is up by more than 5 percent this season over last year. Indian walnuts are classified as hard, medium or thin shell (Kaghazi) is the typical harvest season with market arrivals peaking in late October.

^[1]Walnut yields are low ranging from 18-50 kg/tree/year with the nut size varying from 24-32 mm

Consumption

Walnut consumption in MY 2009/10 is forecast at 21,000 tons as compared to 20,200 tons in MY 2008/09, mostly due to large carry forward stocks and anticipated lower market prices vis-à-vis other dry fruits and nuts. Anticipating good supply conditions and stable prices for walnuts, MY 2010/11 consumption is forecast at 21,500 tons. Normally 45 to 50 percent of the production is consumed domestically and the remainder is exported. Nearly half of domestic consumption occurs during the festive season (September-January).

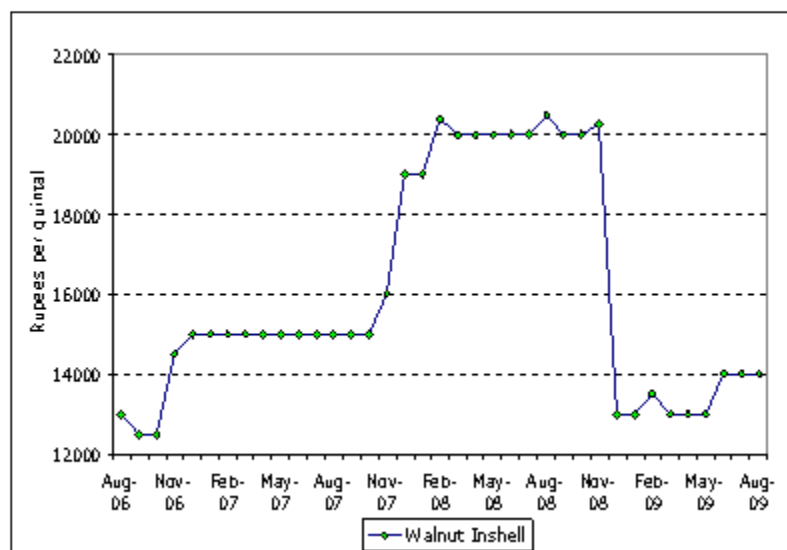
Major processing facilities ^[1] for walnuts are available in Jammu and Kashmir. Typically, most walnuts are consumed raw as a snack food. According to industry sources, better consumer packaging (vacuum packs) has contributed to the growth of year round snack consumption of walnuts. Market sources also report that growing awareness about the health benefits of walnuts is also encouraging year round consumption. About 10 percent of domestic consumption goes to the bakery, confectionary, and ice-cream industries. Around 2 to 3 percent of walnuts (normally rancid nuts) are used for oil extractions by soap and cosmetic manufacturers.

^[1] Mostly shelling and vacuum packing

Prices

Domestic prices of walnuts during the first four months of MY 2008/09 were relatively firm compared to the corresponding period last year. However, lower export demand and good supplies have depressed domestic prices since December 2008 (Chart 2). Anticipating healthy demand this festive season, walnut prices in MY 2009/10 are likely to remain stable.

Chart 2: Average Wholesale Prices of Walnuts (In shell) in Delhi Wholesale Market



Source: Economic Times

Trade

Walnut exports during MY 2009/10 are forecast at 15,500 tons, down 6 percent from an earlier forecast of 16,500 tons. This is up 2,100 tons over last year due to good domestic supply conditions and competitive pricing of Indian walnuts in international markets. Furthermore, the depreciating value of the Indian rupee vis-à-vis the U.S. dollar is also likely to support exports. During MY 2010/11, walnut exports are forecast higher at 17,000 tons largely due to an expected increase in domestic production and a likely revival in overseas demand. Based on information from market sources, MY 2008/09 exports have been revised down by 4,100 tons to 13,400 tons, on account of increased competition from overseas suppliers and an overall slowdown in the global economy.

The major export destinations in MY 2008/09 were Egypt, Spain, Netherland, Germany, France and the United States (Table 8). More than 95 percent of the walnuts are exported as kernels (40 percent light halves; 40 percent amber halves/light broken; and the balance as amber halves) in vacuum packs. Market sources report that the United States (California), Mexico, Ukraine, Chile and China are major competitors in the E.U. market.

Trade Policy

Walnuts, like most other dry fruits and nuts, are imported to India without restrictions under the Open General License (OGL), subject to an effective import duty of 30.9 percent (see tariff table 9). Notable exceptions to this rule are imports originating in the South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan. Given strong domestic production and high tariffs, opportunities for imports are negligible. There are no restrictions on walnut exports. Most of the walnuts are shelled or vacuum packed, transported inland via rail and road and shipped in containers overseas. Traditionally, Indian walnuts have a good market in the E.U. and Middle East countries due to flavor, good quality and natural production ^[1].

^[1] Indian walnuts are typically grown in rocky terrains under rainfed conditions and not as contiguous plantations, and cultivated with very limited use of fertilizers/pesticides.

SECTION III - OTHER STATISTICAL TABLES

Please see attached "Section III - Other Statistical Tables".